Decline in negative growth of exports

*285. MS. MABEL REBELLO:
DR. T. SUBBARAMI REDDY:††

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether exports were shrinking slower at 11.4 per cent in October than in recent months following an improved show by a number of sectors and whether his Ministry is hopeful that position will further improve if current trend continues;

(b) whether decline in exports which was 11.4 per cent in October is still seen as an improvement as the fall in exports was steeper in preceding months, such as 39 per cent in May, 2009 and 13.8 per cent in September; and

(c) if so, the latest position and by when Government is confident of improving it further?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) to (c) Due to the significant impact of global economic slowdown and recession in our traditional export markets in developed countries, the rate of growth of exports has been negative since October, 2008. India's merchandise exports from October, 2008 to October, 2009 are given in Statement-I (*See* below). They show that as compared to corresponding month of the previous year, although there was a steep decline in exports in Dollar terms of 38.9 per cent in May, 2009, the, decline was 13.8 per cent in September, 2009, which was further reduced to, a decline of 6.6 percent in October, 2009. This progressive reduction in the decline indicates that while the impact of global recession is still continuing on our exports, the steps taken by Government/RBI are contributing to arresting the steep decline in exports. The Government expects the position to improve further in the coming months.

Statement-I

Merchandise Export figures for the period October '08 to October '09)

Month	2007-08* (US $ Billion)	2008-09** (US $ Billion)	Increase(+)/ Decrease(-)
October	14.675	14.131	-3.7
November	12.909	11.163	-13.5
December	14.625	13.368	-8.6
January	14.889	12.869	-13.6
February	15.221	11.941	-21.5
March	17.254	12.916	-25.1

††The question was actually asked on the floor of the House by Dr. T. Subbarami Reddy.

Month	2008-09** (US $ Billion)	2009-10*** (US $ Billion)	Increase(+)/ Decrease(-)
April	18.460	11.750	-36.3
May	18.687	11.418	-38.9
June	19.181	12.972	-32.4
July	19.030	13.623	-28.4
August	17.759	14.289	-19.5
September	15.789	13.608	-13.8
October	14.131	13.193	-6.6

(Source: DGCI&S)

* 2008-09 data includes exports from SEZ, whereas 2007-08 data does not include exports from majority of SEZs.

** Revised Estimate.

*** Quick Estimates. The figures are provisional and subject to change.

DR. T. SUBBARAMI REDDY: Sir, due to the global recession, the exports have fallen down considerably. For instance, if you compare 2008 and the current year, the decline in the month of March is 25 per cent, then it is 36 per cent in the next month. It has gone on declining. Sir, in the answer, the Minister has said that though there is progressive decline, he has indicated that gradually in the last two months there is an improvement in the exports and the decline is receding. At the same time, you said that the steps taken by the Government through RBI are contributing in arresting the steep decline. I would like to know the details of the steps you have taken as to how you are successful. With this, when are you going to turn positive as far as exports are concerned?

SHRI ANAND SHARMA: Mr. Chairman, Sir, as I have mentioned in the reply, the global economic crisis has adversely impacted global trade. India's exports too have been falling since October, 2008. As per the WTO and the IMF projections, this year, there is going to be a major contraction in the world trade—9 per cent as per the IMF and 11 per cent as per the WTO. Sir, given this contraction, our exports to traditional destinations too have been affected, particularly the labour intensive sectors. The Government has taken many measures, fiscal stimulus, policy interventions and incentives, to support those sectors which have been badly hurt. And those actions of the Government and the incentives have helped in arresting the steep decline and reversing the trend. In May, we were falling close to 39 per cent in the negative. That was a huge fall and a matter of grave concern. But, that has improved, and after the new foreign trade policy, which we unveiled in August, 2009, there has been further improvement as is reflected in the last figures—last two months which we have.

The fall has now come to single digit, to 6.6 per cent in dollar terms. The various measures that we have taken are — as the hon. Member wishes to know — there have been across the board duty cuts, interest subvention of two per cent for major sectors that has been continued. Then, we have the duty entitlement passbook scheme which has been extended up to 2010. We have consciously gone in for the expansion and diversification of the markets given the fact that traditional markets are shrinking, are in contraction. That is why we have identified 39 new markets under the two schemes, 26 under the focussed market scheme and 13 under the market linked focussed product scheme. There are 26 markets, out of which 16 are in Latin America, 10 in Oceana and there are 13 big markets, out of which six are in Africa, two in Latin America, South America. Then, we have two in the Pacific, two in Far East, and one in Central Europe. If the hon. Member wishes to know, I can get that.

DR. T. SUBBARAMI REDDY: Sir, I would like to draw the attention of the hon. Minister that in the leather goods, engineering goods, electronic goods, cotton yarn, petroleum products etc., the exports have fallen down considerably on these following products. Are you planning to specifically focus on giving an incentive to these sectors and achieve much more so that their exports increase?

SHRI ANAND SHARMA: These sectors have already been given support through the policy interventions and also, by providing incentives; most of these are covered under the focussed product scheme or the focussed market scheme. Handicrafts, handloom was badly hurt. Under a special focussed product scheme, they have been given the highest incentive. We have increased the incentives under both the schemes which I have mentioned. In the first scheme, from two-and-ahalf per cent, we have increased it to three, and in the second in the focussed product scheme, we have again increased the incentives. We have also asked for a sectoral review. We have come out with a policy after having detailed discussions with the stake holders, chambers of industry and the export councils. The sectoral reviews are presently on. We have said that this policy is initially for two years, the new foreign trade policy, and we will have a mid-term review after two years. But in November, we started the sectoral review, and the sectors which need more support, the Government will be considering that.

श्री रवि शंकर प्रसाद: महोदय, माननीय मंत्री जी के उत्तर से ऐसा प्रतीत होता है कि भारत के निर्यात में जो माइनस ग्रोथ है, वह अभी भी चल रहा है। इसके लिए आपने यह कहा है कि सरकार और रिजर्व बैंक ने जो प्रयास किए हैं, उनकी भी इसमें भूमिका है। मेरे ख्याल से आप यह समझते होंगे कि निर्यात में जो कमी है, वह सिर्फ हमारे कारण नहीं है, बल्कि दुनिया में जो कमी आई है, उसके कारण है, इसलिए दुनिया की कमी के कारण अभी क्या स्थिति है, यह बताते तो अच्छा लगता। दूसरी बात जो बहुत आवश्यक है, वह यह है कि निर्यात क्षेत्र से जुड़े हुए कई क्षेत्रों में भयंकर बेरोजगारी आई है, जैसे कपड़ा के क्षेत्र में, हस्तकरघा के क्षेत्र में, आदि। क्या आप सदन को कृपापूर्वक यह बताने की कृपा करेंगे कि इस माइनस ग्रोथ के कारण भारत के निर्यात क्षेत्र में लगे हुए कितने लोग बेरोजगार हुए हैं?

श्री आनन्द शर्मा: महोदय, माननीय सदस्य ने जो प्रश्न किया है, मैंने उसके संबंध में प्रारंभ में ही कहा था कि विश्व कि अंदर जो आर्थिक संकट है, उसका प्रतिकूल प्रभाव हमारे निर्यात पर पड़ा है। लगभग एक साल से

निर्यात में कमी आई है। उसके लिए भारत सरकार की तरफ से जो भी नीतिगत हस्तक्षेप हो सकता था और जो समर्थन दिया जा सकता था, वह दिया है। पर, माननीय सदस्य इस बात को अच्छी तरह समझते हैं कि दूसरे देश के बाजार के अंदर जहां भारी गिरावट आई है, दुनिया के बड़े बाजार टूटे हैं, वहां कब डिमांड और मांग इतनी बढ़ जाएगी, जो गिरने से पहले थी, उसके लिए कोई भी भविष्यवाणी आज की परिस्थिति में संभव नहीं है।

जैसा मैंने कहा था कि डब्ल्यू.टी.ओ. ने कहा कि पूरे विश्व के व्यापार में 9 प्रतिशत की गिरावट होगी और आई.एम.एफ. के मुताबिक यह 11-12 प्रतिशत हो सकती है, फिर भी हमने जो हस्तक्षेप किया, नीति बनाई, उससे स्थिति सुधरी है। आपने रोज़गार के संबंध में ज़िक्र किया और प्रश्न किया, तो कुछ ऐसे sectors थे, जैसे handloom, handicrafts — उनमें भी गिरावट आई। Gems and jewellery में काफी प्रतिकूल प्रभाव पड़ा था, विशेषकर अक्टूबर से मार्च के महीनों में। Export Councils की तरफ से इस पर स्टडी की गई। मार्च महीने के बाद जो export oriented sectors हैं, उनमें रोज़गार में गिरावट रुक गई। जहां तक इसके statistics का सवाल है, वह ब्योरा मैं लेबर मिनिस्ट्री से मंगवाकर आपको दे सकता हूं, पर हमने जो कदम उठाए हैं, उनसे तीन-चार महीनों में रोज़गार में जो कमी आई थी, जिसकी बहुत चिंता थी, उसके लिए मैंने कहा कि जो labour intensive sectors हैं, उनको विशेष तौर पर हमने मदद दी है और उसके लिए sectoral review अभी चल रहा है।

SHRI TIRUCHI SIVA: Sir, while appreciating the steps taken by the Government of India and the RBI to arrest the decline in exports, I would like to know from the hon. Minister whether there are any other reasons for the decline in exports other than the exchange rate fluctuation. If there are any other factors, I would like to know from the hon. Minister what steps the Government is taking to address the situation.

SHRI ANAND SHARMA: Sir, this question is not relating to the exchange rate fluctuations. I have already answered the reasons for which exports have fallen. For the benefit of the hon. Member, I would like to submit that it is due to the global crisis and global situation. Our share in the global trade, which, otherwise, is very low, has been adversely impacted. We have taken measures. We have set targets. I can inform the august House that we hope, there will be a 15 per cent increase by 2011. We will be able to achieve a target of exports of US $ 200 billion in merchandise goods and we also hope to double India's exports, both in goods and services, by 2014 and our share in terms of percentage of the world trade by 2020.

SHRI P. RAJEEVE: Sir, the reply states about the steps taken by the Government of India and the RBI. I would like to know from the hon. Minister whether any of these steps taken by the Government is linked with a condition to protect the workmen in the export-oriented units.

SHRI ANAND SHARMA: Sir, I have already answered this supplementary. Our concern has been about those sectors which are labour-intensive in export-oriented units. Therefore, special measures were taken by giving incentives and support in addition to what the hon. Finance Minister had given in the Budget. There has been a positive outcome or impact of the measures that have been taken which is clearly reflected in numbers.